

STATE OF GEORGIA)
)
COUNTY OF CHATHAM) **HOTEL/MOTEL TAX**
 AGREEMENT

THIS AGREEMENT made and entered into this 22 day of December, 2016 (this "Agreement"), between the MAYOR AND ALDERMEN OF THE CITY OF SAVANNAH, a municipal corporation organized and existing under the laws of the State of Georgia (the "City"), and the GEORGIA INTERNATIONAL AND MARITIME TRADE CENTER AUTHORITY, a public corporation organized and existing under the laws of the State of Georgia (the "Authority");

WITNESSETH:

WHEREAS, pursuant to O.C.G.A. § 48-13-51(a)(3.2) the City is authorized to levy and collect within its boundaries an excise tax upon the furnishing for value of public accommodations at the rate of six percent of the charge to the public for such furnishing (the “Hotel/Motel Tax”); and

WHEREAS, pursuant to O.C.G.A. § 48-13-51(a)(3.2) the City shall expend in each fiscal year during which the Hotel/Motel Tax is collected at the rate of six percent an amount equal to 16-2/3 percent of the Hotel/Motel Tax actually received for the purpose of either marketing or operating trade and convention facilities (that portion of the Hotel/Motel Tax actually received hereinafter referred to as the “Facilities Tax”); and

WHEREAS, the City pursuant to an ordinance duly adopted on August 17, 1995, increased the Hotel/Motel Tax rate to six percent as authorized by O.C.G.A. § 48-13-51(a)(3.2) and said increase was effective on September 1, 1995; and

WHEREAS, the Authority has been created pursuant to an act of the Georgia General Assembly, Georgia Laws 1995, page 4499, et seq. (the “Act”) as a public corporation and an instrumentality of the State of Georgia for the purpose of developing and promoting for the public good, the growth of the State’s import and export markets and facilitating economic growth, public welfare, education and recreation; and

WHEREAS, Chatham County constructed the Georgia International Maritime and Trade Center (the “Trade Center”) on Hutchinson Island; and

WHEREAS, pursuant to an Intergovernmental Lease Agreement dated December 20, 1996 (the “Lease”), the County has leased the Trade Center to the Authority in exchange for the Authority’s agreement to market, operate, manage, and maintain the Trade Center; and

WHEREAS, the City constructed, owns, and operates the Savannah Civic Center (the “Civic Center”) consisting of a theater, an arena, a ballroom, meeting facilities, and parking facilities. For purposes of this Agreement “Civic Center” shall include any trade and convention

facility described in O.C.G.A. § 48-13-51(a)(3.2) that may or hereafter be constructed, owned and operated by the City; and

WHEREAS, the Authority and the City desire that the Trade Center and the Civic Center be operated in an efficient and cooperative manner for the maximum benefit for the community by generating new and expanded tourism, convention, and meeting events in the community rather than merely shifting existing business between the two sites; and

WHEREAS, the City and Authority were parties to an Agreement dated October 8, 1997 providing for the distribution and use of the Facilities Tax, which they desire to hereby renew;

NOW, THEREFORE, in consideration of the mutual covenants and agreements, and benefits to the parties, the City and the Authority agree as follows:

1. Payment of Facilities Tax to Authority.

- a. Beginning January 1, 2017, and continuing until expiration of this Agreement or repeal of the Facilities Tax by the City, the City shall distribute the proceeds of the Facilities Tax received during the preceding month according to the following formula:
 - i. The first \$800,000 of Facilities Tax proceeds available for distribution in any calendar year shall be paid to the Authority.
 - ii. After \$800,000 of Facilities Tax proceeds have been distributed to the Authority in any calendar year, seventy-five percent (75%) of any additional Facilities Tax proceeds received during such year shall be paid to the Authority, and twenty-five percent (25%) shall be subject to retention by the City. Any amount retained by the City shall be either appropriated by City Council for additional payment to the Authority, or appropriated for use to pay expenses of the Civic Center in accordance with O.C.G.A. § 48-13-51(a)(3.2).
- b. Facilities Tax proceeds shall be paid by the City to the Authority within 30 days of the close of the preceding month.
- c. The City agrees to continue to levy the Facilities Tax while this agreement is in effect.

2. Uses of Facilities Tax Proceeds. All Facilities Tax proceeds paid to the Authority or retained by the City shall be used for marketing or operating the Trade Center and the Civic Center.

3. **Management Contracts.** The Authority shall keep the City informed on the progress of negotiations for any facilities management contract for the Trade Center, and consider any comments offered by the City concerning the terms of the management contract.

The Authority shall endeavor to include provisions in such management contracts requiring cooperation between the Trade Center manager and the Civic Center manager.

Any such management contract shall not contain terms which are in conflict with this Agreement.

4. **Coordinated Marketing.** The managers of the Civic Center and the Trade Center shall coordinate marketing plans which attempt to attract appropriate business (as described below) to each facility. The managers of the facilities shall meet at mutually convenient times to coordinate marketing efforts, but no less frequently than quarterly. Marketing plans, where feasible, will attempt to market both facilities as coordinated options available to potential customers so as to achieve maximum benefit for marketing costs incurred. The final choice of event venues shall be governed by the desires of event sponsors.

Marketing materials developed and utilized by the Civic Center manager shall be subject to review and approval by the Trade Center manager to the extent that information on the Trade Center is included in such material. Marketing materials developed and utilized by the Trade Center manager shall be subject to review and approval by the Civic Center manager to the extent that information on the Civic Center is included in such material. Approval of such marketing materials shall not be unreasonably withheld.

It is agreed that the type of events appropriate for the Trade Center are:

- Conventions requiring over 750 room nights
- Large exhibits and trade shows requiring over 25,000 sq. ft. of exhibit space

It is agreed that the types of events appropriate for the Civic Center are:

- Concerts/Family Events
 - a. Arena concerts, circus, ice shows, truck shows
 - b. Theater concerts
- Cultural Events
 - a. Plays, Broadway shows and musicals
 - b. Symphony and Ballet
- Sporting and other Entertainment
 - a. Basketball, soccer, hockey
 - b. Wrestling, boxing, ice skating

It is agreed that events that are appropriate for both facilities include:

- Social and other Functions
 - a. Graduations

- b. Weddings and Receptions
- c. Parties and meetings
- Exhibit/Trade Shows requiring 25,000 sq. ft. or less
 - a. Public shows- small craft, home, gun/sporting shows
 - b. Private trade shows.

It is agreed that each year cooperative marketing plans for both facilities shall be developed by the managers of the Civic Center and Trade Center jointly. The managers will meet informally on a quarterly basis to review marketing and booking activity and consider adjustments to the marketing plans in order to ensure that appropriate events are booked at each facility to achieve a fair distribution of revenues.

Either party may give notice to the other if it believes that the marketing practices and/or event booking policies of the other have resulted in unfair reductions in its facility's revenues. Within 30 days of the giving of such notice, representatives of the parties shall formally meet, and consider the facts and circumstances that created the belief that there have been unfair revenue reductions, and negotiate changes in marketing and booking practices to eliminate any unfair revenue reductions found to exist.

5. **Access Plan.** The Authority will continue to administer the comprehensive transportation access plan developed pursuant to paragraph 6 of the parties' October 8, 1997 agreement. The plan will continue to provide for efficient means to convey Trade Center patrons between Hutchinson Island and downtown Savannah which will not unduly disrupt existing traffic flow. It will also continue to include provision for Trade Center patrons staying in hotels/motels in downtown Savannah, water taxi service, parking requirements for Trade Center events, CAT shuttle service for Trade Center patrons and CAT service for Trade Center employees.

6. **Ticketing.** It is recognized that ticketed events to be held in the Trade Center will not ordinarily sell advance tickets, and thus there is no plan or intent by the Authority to designate an exclusive outside ticketing agency. From time to time, however, the use of retail ticket outlets for advance event ticket sales may be a condition for the sponsorship or promotion of a public event. Sponsors or promoters of such events at the Trade Center will be referred by the Trade Center manager to the Civic Center Box Office as the preferred ticket distributor.

7. **Scheduling of Riverwalk Events.** The Authority shall cooperate with the City on the scheduling of events at the Riverwalk so as to avoid the simultaneous scheduling of incompatible events on the riverfront.

8. **Facilities Taxes from other Jurisdictions.** The Authority shall work with other jurisdictions within the County to enact Hotel/Motel taxes in accordance with O.C.G.A. § 48-13-51(a)(3.2) and will, wherever possible, enter into agreements that provide additional Facilities Taxes to the Authority to support operation of the Trade Center.

9. **Audits and Reports.** Upon request, the Authority shall provide to the City copies of the following:

- a. Periodic reports prepared by the Trade Center's manager including interim financial summaries, and operational reports on event bookings and marketing activities.
- b. The annual budget adopted by the Authority and any amendment thereto.
- c. The management agreement with the Trade Center manager and any amendments thereto.
- d. The annual report of the Authority as required by the Act.
- e. Annual financial statements prepared in conformity with generally accepted accounting principles and audited by an independent auditor within six months of the close of each year.

10. Termination Date and Renegotiation. This Agreement shall terminate on the earlier of December 1, 2036, or the date on which the Lease terminates.

On or after the effective date of this Agreement, either party, if it believes that the terms of Paragraph 4 are not being followed or implemented as intended, may give notice (a "Renegotiation Notice") to the other that it intends to require negotiation of amendments to this Agreement. December 31 of the year which is at least three years after the date of a Renegotiation Notice shall be the "Renegotiation Deadline."

In the event a Renegotiation Notice is given, the parties hereto shall negotiate in good faith revised terms for this Agreement.

If revised terms are not agreed upon on or before the Renegotiation Deadline, then effective on the Renegotiation Deadline, Paragraph 1 hereof will be automatically amended to read as follows:

"1. Payment of Facilities Tax to Authority. Beginning for January following the Renegotiation Deadline, and continuing until expiration of this Agreement, within 30 days of the close of each month the City shall pay to the Authority 75% of the proceeds of the Facilities Tax received during such month and the balance retained by the City shall be expended in accordance with O.C.G.A. § 48-13-51(a)(3.2)."

11. Entire Agreement; Amendments. This Agreement contains the entire agreement of the City and the Authority relating to the matters covered by this Agreement. No representation, promise or understanding has been made, and no collateral agreement, stipulation or undertaking exists, which will have any force and effect with respect to the matters covered by this Agreement except as set forth herein. No amendment, modification, release, discharge or waiver of the provisions of this Agreement shall be of any force, value or effect unless it is in writing and is duly authorized and executed by the Authority and the City.

12. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, return receipt requested, postage prepaid, or via email with proof of receipt to the parties hereto at the following addresses, or such other address designated by such party in writing:

If to the Authority: Georgia International and Maritime Trade Center Authority
P.O. Box 14111
Savannah, Georgia 31416
sspinks@savtcc.com

If to the City: Mayor and Aldermen of the City of Savannah
P.O. Box 1027
Savannah, Georgia 31402
Attention: City Manager
rhernandez@savannahga.gov

With copy to: Mayor and Aldermen of the City of Savannah
P.O. Box 1027
Savannah, Georgia 31402
Attention: City Attorney
bstillwell@savannahga.gov

13. Severability. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, or if any section shall be invalidated by future act of the General Assembly, then this Agreement shall dissolve and have no further effect, and the parties hereto shall attempt to renegotiate a replacement agreement.

14. Execution Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

15. Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Agreement.

16. Law Governing Agreement. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Georgia.

IN WITNESS WHEREOF, the Authority and the City have caused this Hotel/Motel Tax Agreement to be executed by their duly authorized officers in their respective corporate names and their respective corporate seals to be hereunto affixed and attested, all as of the date first above written.

**GEORGIA INTERNATIONAL AND
MARITIME TRADE CENTER AUTHORITY**

(Corporate Seal)

By: _____

Chairman

Attest: _____

Secretary

**MAYOR AND ALDERMEN OF THE CITY
OF SAVANNAH**

(Corporate Seal)

By: _____

City Manager

Attest: _____

Clerk of Council

